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Message Text

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PAGE 01 NEW DE 04045 222324Z
ACTION NEA-10

INFO OCT-01 ISO-00 ONY-00 /011 W
----------222334Z 045999 /61
R 221324Z MAR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2044

C O N F I D E N T I A L NEW DELHI 4045

STADIS//////////////////

FOR KUX FROM SCHNEIDER

NEA ONLY

E. O. 11652: GDS
TAGS: EAIR BEXP ETRD
SUBJECT: AIRCRAFT SALES

1. THE NEW GOVERNMENT MAY DECIDE TO INVESTIGATE THE SALE OF BOEING 737S
AND MARUTI'S ACTIVITIES WITH RESPECT TO THE SALE OF PIPER AIRPLANES.
WHILE THE FUTURE LOOKS OMINOUS FOR PIPER, I WOULD THINK THAT ANY
INVESTIGATION WOULD FOCUS ON THE MARUTI AND SANJAY
RELATIONSHIP TO POTENTIAL CUSTOMERS RATHER THAN ON THE
PIPER AGREEMENT WITH MARUTI. THE PIPER PEOPLE TELL US
THE TERMS AND CONDITIONS OF THEIR DISTRIBUTORSHIP AGREEMENT
WITH MARUTI ARE NO DIFFERENT THAN OTHER AGREEMENTS WHICH
THEY HAVE AROUND THE WORLD.

2. BOEING, HOWEVER,IS ANOTHER MATTER. DURING THE
COMPAIGN, JANATA MADE AN ISSUE OF THE SALE OF TWO BOEING
737S VIP VERSIONS. AS A RESULT, WE COULD NOW HAVE A
PARLIAMENTARY OR GOI INVESTIGATION OF THE MATTER. WHILE WE
ARE AWARE OF NO IMPROPRIETY ON BOEING'S PART IN THIS,
THE MATTER COULD BE TIED TO THE PAYOFFS ALLEGEDLY
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MADE BY BOEING TO VARIOUS FOREIGN GOVERNMENT OFFICIALS
IN THE PAST.#ONE RECENT STORY HERE REPORTED THAT AN
AMERICAN OFFICIAL GAVE KEWAL SINGH A LIST OF 18 INDIAN
CONSULTANTS WHO HAD RECEIVED BOEING PAYOFFS. THE LIST
REPORTEDLY INCLUDED A FORMER INDIAN DIPLOMAT AND A PROMINENT MEMBER
OF THE FAMILY OF THE PRIME MINISTER. AN EARLIER
WASHINGTON POST STORY THAT AN INDIAN OFFICIAL WAS ONE

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OF EIGHTEEN FOREIGN CONSULTANTS ON BOEING'S PAYROLL
HAS BEEN WIDELY REPORTED HERE, AS HAS THE FACT THAT THE
DEPARTMENT AND BOEING ARE FIGHTING A COURT ORDER WHICH
WOULD FORCE BOEING TO MAKE PUBLIC THE IDENTITY OF THESE
OFFICIALS.

3. WE HAVE BEEN TOLD THAT IT IS NOT POSSIBLE TO PROVIDE
US WITH THE NAMES OF ANY INDIANS INVOLVED WITH BOEING.
AS A GOI INVESTIGATION COULD TURN UP THE GOI
OFFICIALS, I WOULD PREFER NOT TO BE SURPRISED AND THINK IT
IMPORTANT THAT WE BE INFORMED OF AS MUCH BACKGROUND AS
POSSIBLE ON THE BOEING-INDIA RELATIONSHIP, INCLUDING
NAMES IF PERMISSABLE. JAY GRAHAM TOLD ROGER SEVERANCE THAT INFO
WAS NOT AVAILABLE. CAN YOU HELP?
SCHNEIDER

NOTE BY OC/T: NEW DE 4045, PARA 2, #AS RECEIVED, CORRECTION TO
FOLLOW.

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